OKLAHOMA
State Treasurer

# Economic Outlook

July 2026

# July metrics highlight balanced growth in a cooling economy

## JULY 2025 VS. 2026

**Gross Production Tax**
▼ $12.5M or 9.9%

**Income Tax**
▲ $1.8M or 0.4%

**Sales & Use Tax**
▲ $50.4M or 8.5%

**Motor Vehicle Tax**
▼ $2.2M or 2.8%

**Other Tax Sources**
▼ $0.7M or 0.5%

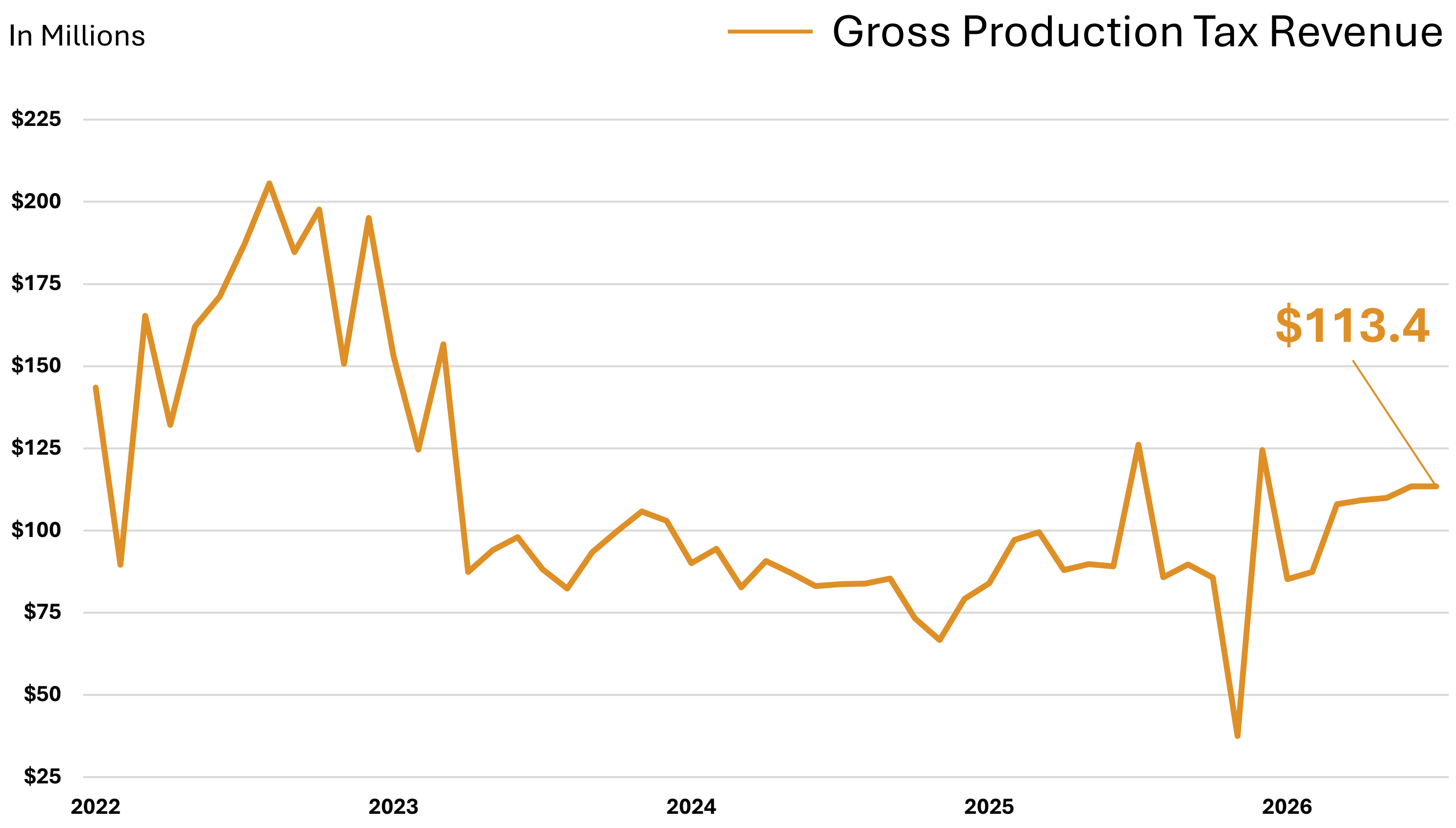
“July’s economic data shows Oklahoma continues to demonstrate resilience as economic conditions evolve. Continued revenue growth, strong energy activity, improving manufacturing conditions and steady employment provide a solid foundation, while inflation remains an important factor to watch.”

**STATE TREASURER**
Todd Russ

# Oil and natural gas revenues remain strong despite year-over-year decline

July Gross Production Tax revenue remained essentially steady from the previous month, while the rolling 12-month trend **continued to show meaningful growth**. Although revenue was lower than July of last year, the broader 12-month measure points to stronger overall performance across Oklahoma's oil and natural gas sector.

The **continued strength of the longer-term trend reflects steady production activity** and market conditions that continue to support state revenue and Oklahoma's energy-producing communities.

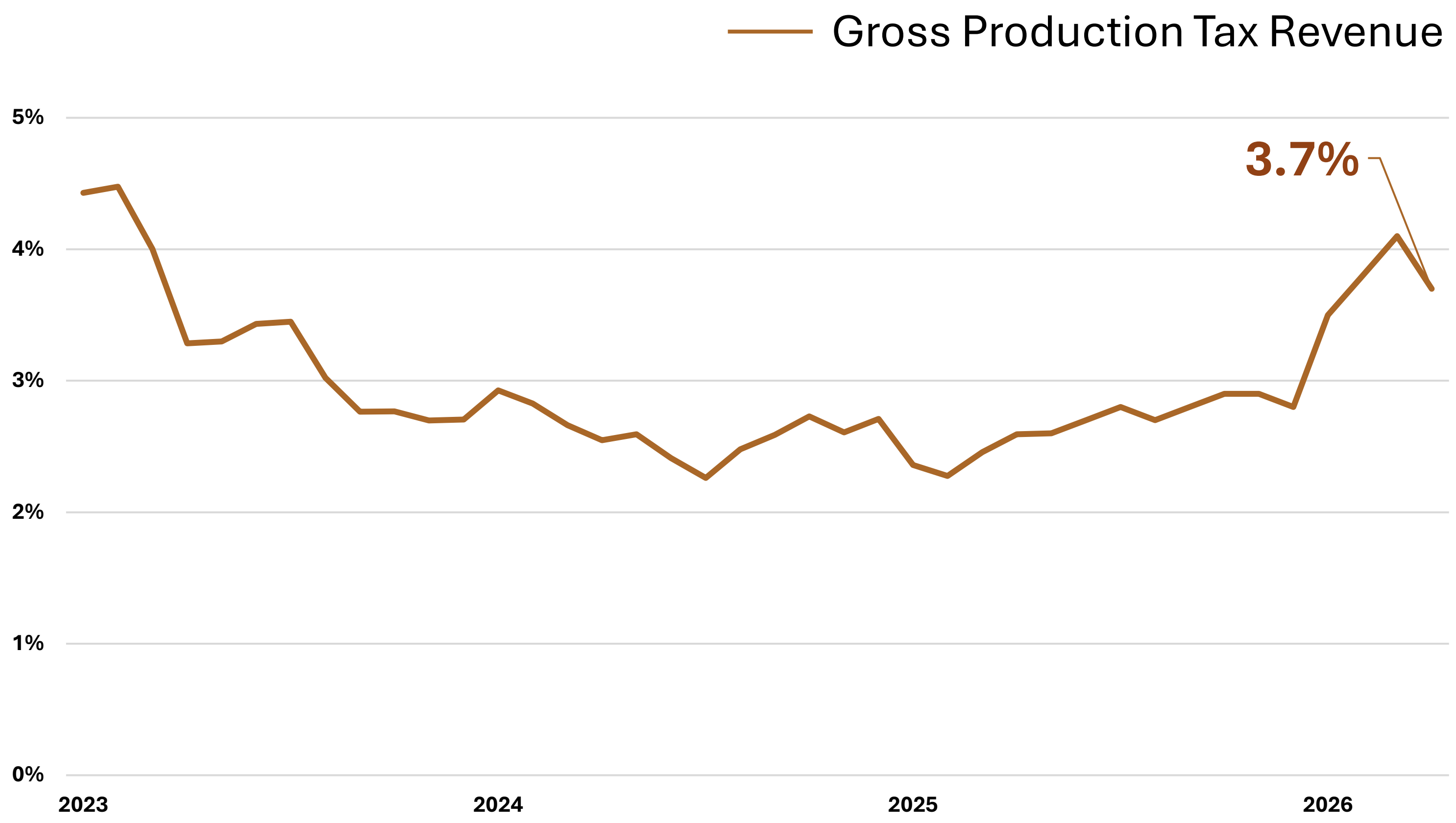



Graph Source: Oklahoma State Treasurer

# PCE inflation moderates in June

The Personal Consumption Expenditures (PCE) price index increased 3.7% in June from the same month one year ago, down from 4.1% in May. The latest reading **marks a meaningful easing in the pace of annual price growth and follows the higher inflation readings** seen earlier in the year.

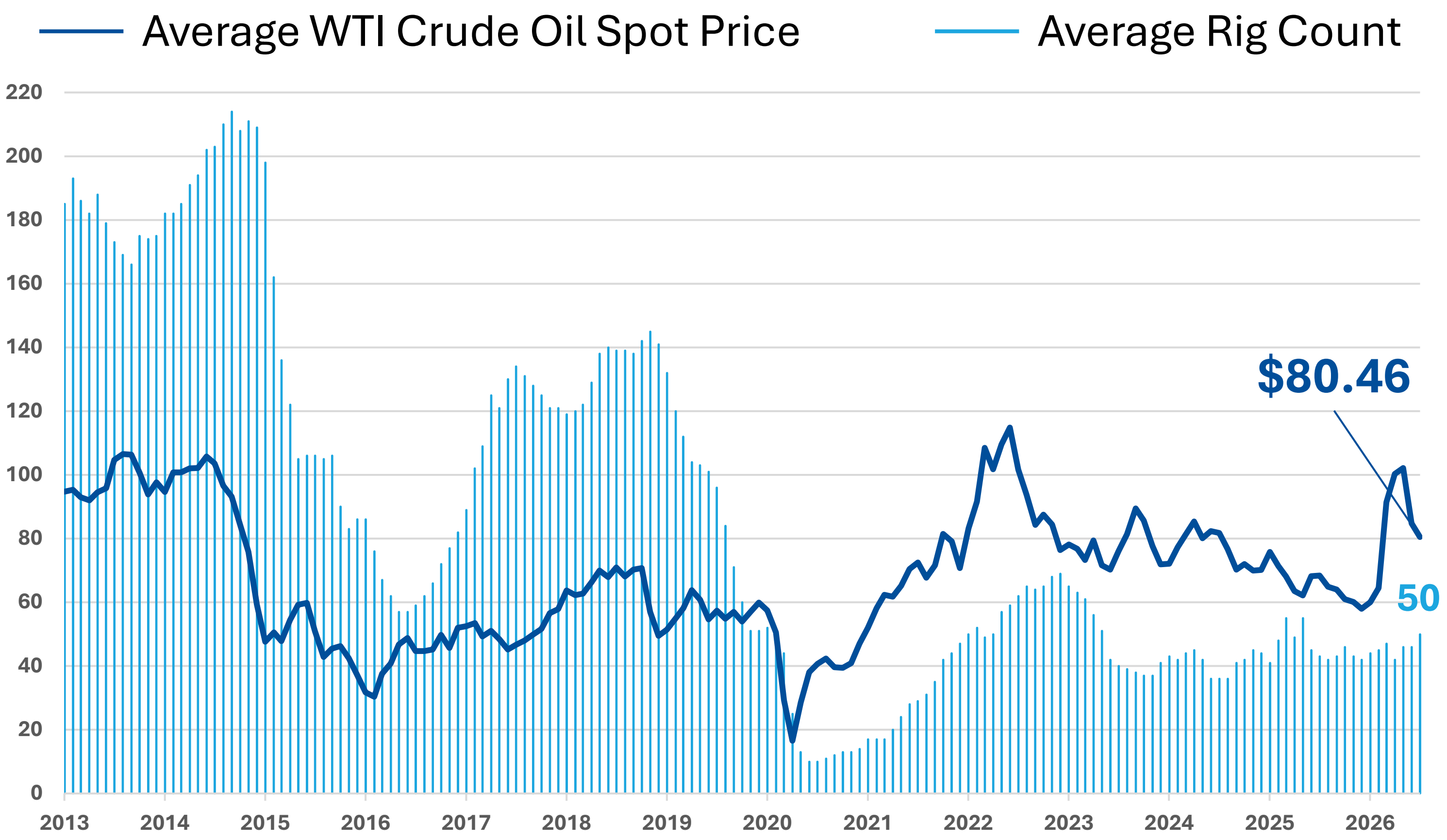
The **moderation provides some relief on inflation pressures** and could give the Federal Reserve greater flexibility in its approach to interest rates. Continued progress toward more stable price growth will remain important for consumers, businesses and the broader economy.




Graph Source: Bureau of Economic Analysis

# Energy prices remain elevated as summer progresses

July brought some **moderation in consumer fuel costs**, while oil prices remained elevated and drilling activity strengthened. The combination continues to support Oklahoma's energy sector and provides a favorable environment for gross production tax collections. However, **gasoline prices remain well above early-year levels**, keeping energy costs an important factor for consumers and broader inflation trends. Continued strength in oil prices and production activity should support economic momentum in Oklahoma as the summer progresses.

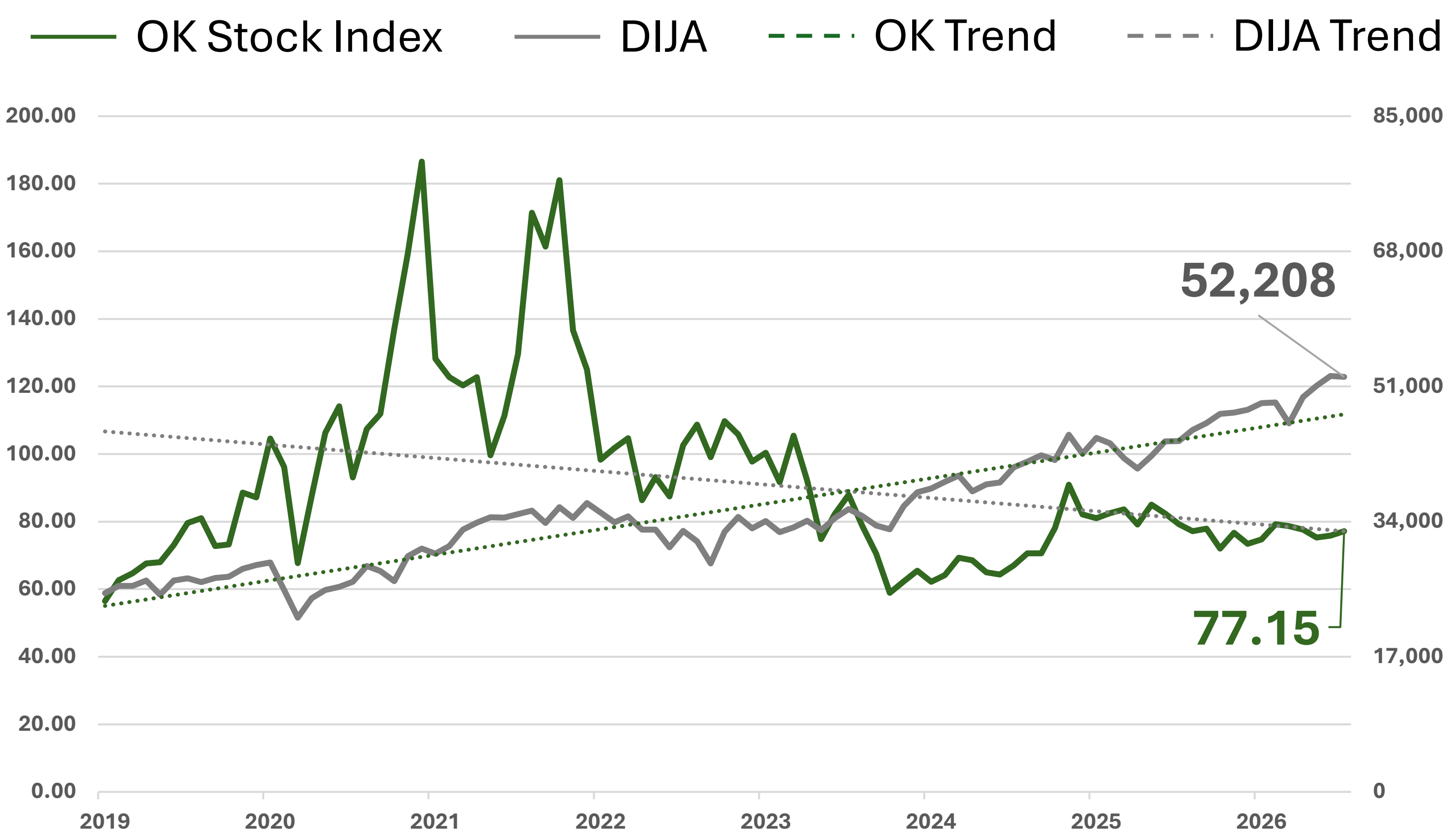



Graph Sources: Energy Information Administration and Baker Hughes

# National markets ease while Oklahoma index recovers

Nationally, **markets remained elevated despite a late-month pullback**, with the Dow ending July slightly below June levels. Strong corporate earnings supported investor confidence, while **uncertainty around interest rates and economic growth kept markets volatile**.

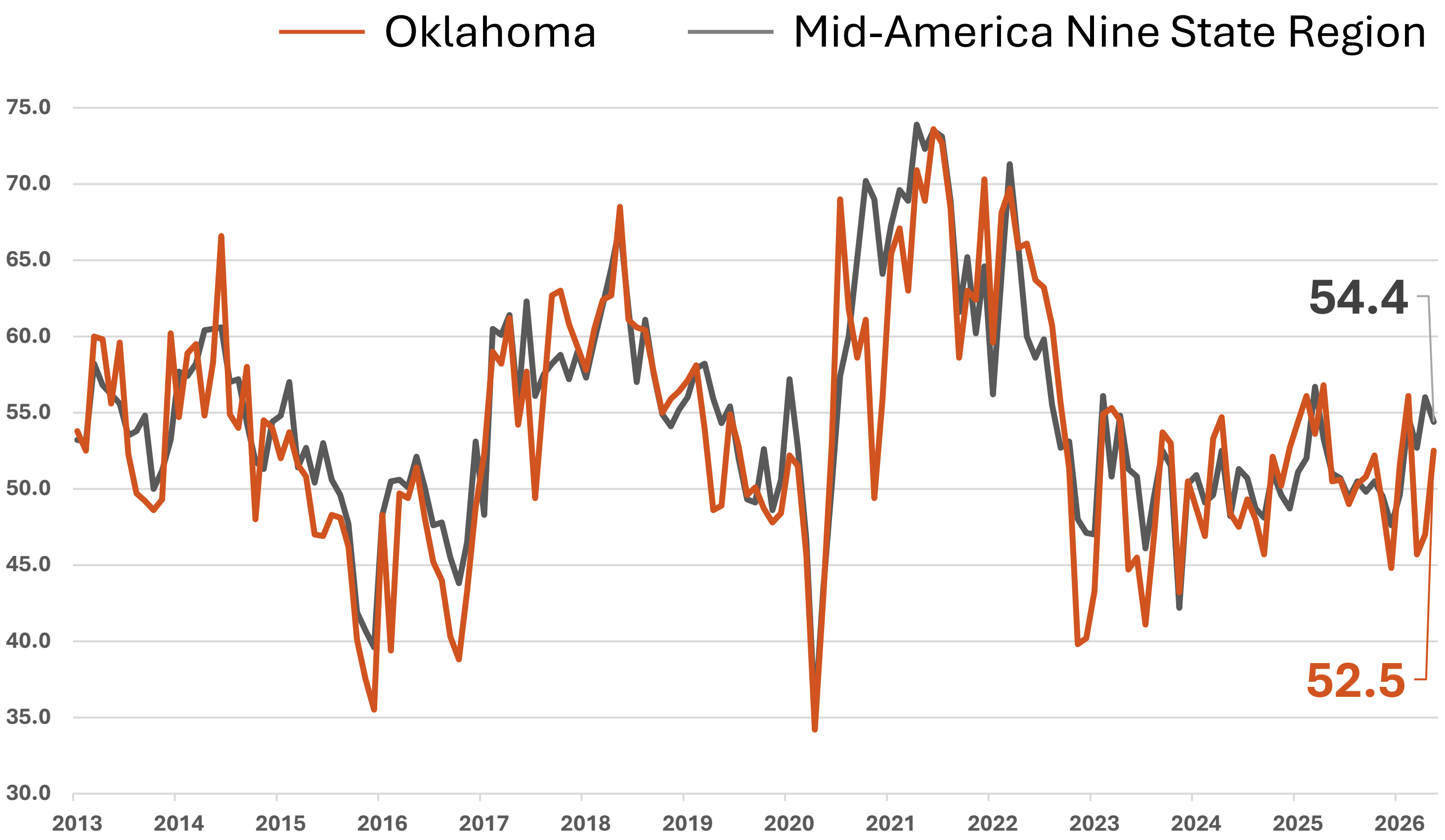
Locally, the Oklahoma Stock Index moved higher, recovering some of its recent losses. Energy markets, commodity prices, and economic conditions remain **key factors shaping investor sentiment** and whether the index can continue its upward momentum.




Graph Sources: Oklahoma State Treasurer and Yahoo Finance

# Manufacturing expansion continues despite labor market weakness

July's Business Conditions Index remained well above growth neutral, indicating continued expansion in Oklahoma's manufacturing sector despite a slight pullback from June. Strong new orders, production, and inventories point to **sustained business activity**, while longer delivery times suggest **supply chain pressures remain**. However, employment slipped below growth neutral, and continued manufacturing job losses, particularly among durable goods producers, indicate **firms remain cautious about adding workers** even as overall activity continues to grow.




Graph Source: Creighton Business Index

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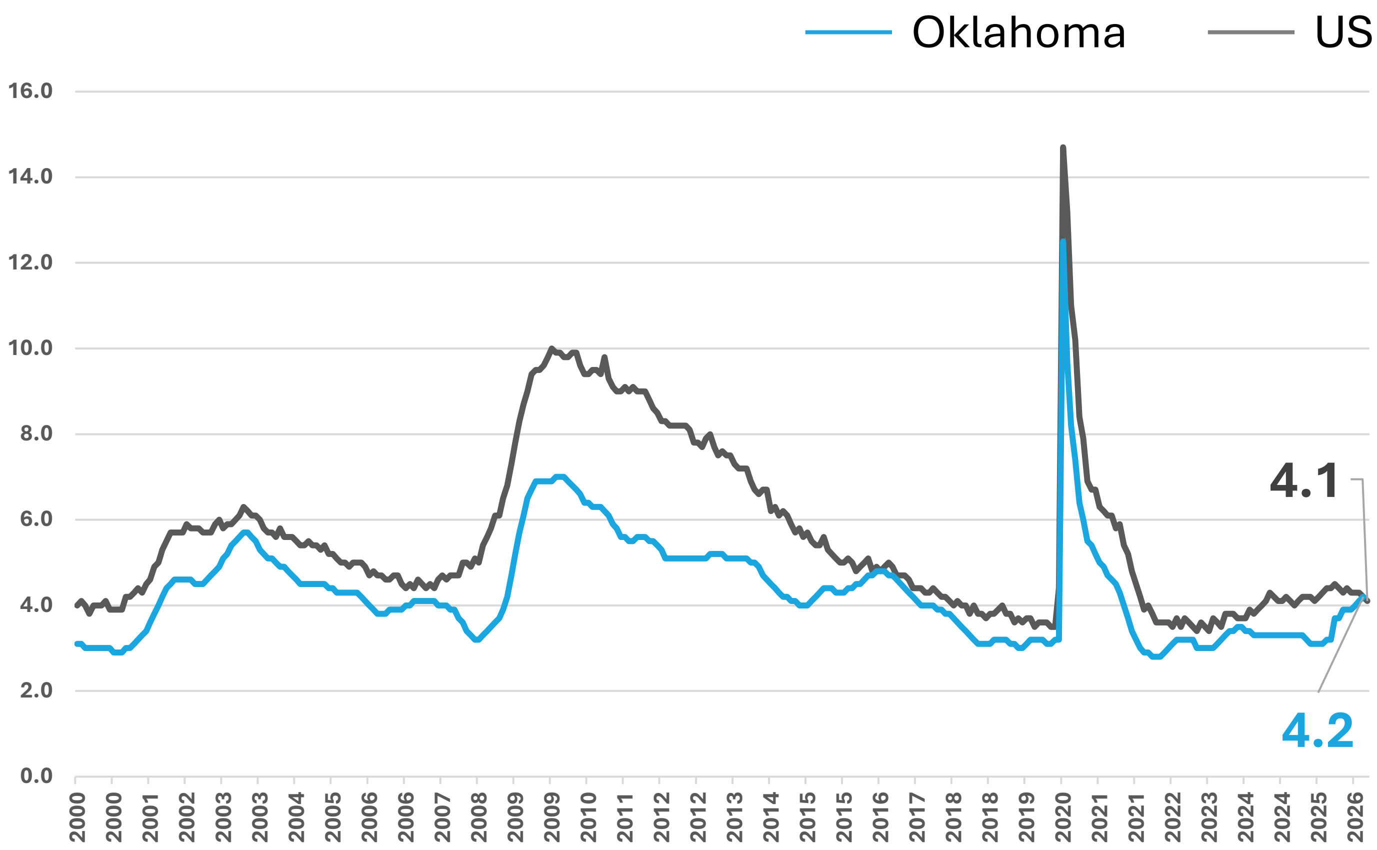
# Labor market remains resilient despite gradual cooling

The unemployment rate for the U.S. decreased to 4.1% in July, while Oklahoma increased slightly to 4.2%. The **labor market continues to show resilience**, with employment levels remaining strong despite a gradual moderation in job growth. **Non-farm payroll employment continues to expand nationally**, although gains have become more measured across several industries.

Overall, **unemployment remains relatively low**, while slower hiring and softer business activity point to a labor market that is cooling without showing signs of a significant downturn.




Graph Source: US Bureau of Labor Statistics

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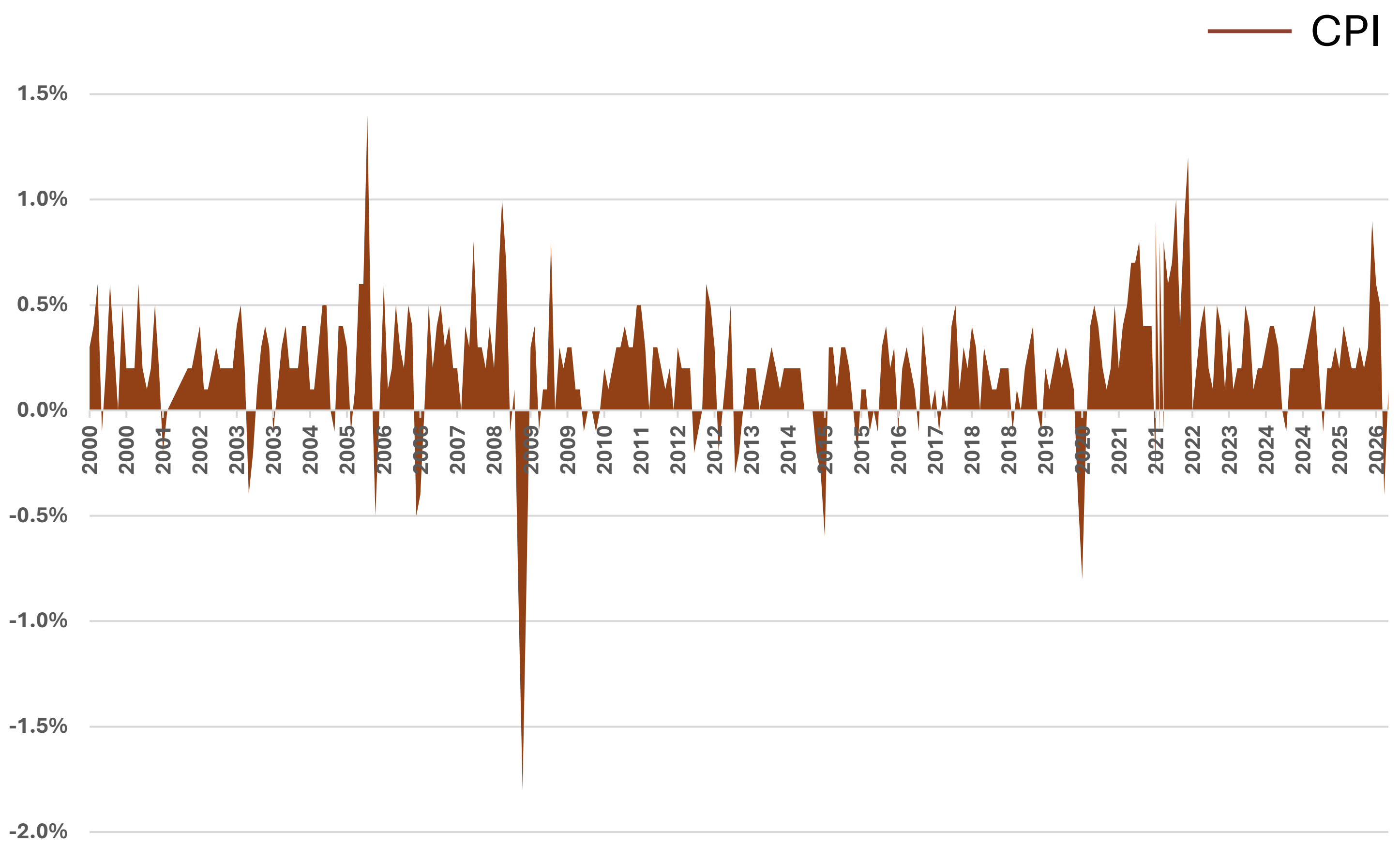
# Inflation holds steady after June decline

CPI increased 0.1% in July, following June's decline and marking a **return to modest price growth**. The smaller increase suggests inflationary pressures have eased from earlier in the year, though **costs remain elevated across key consumer categories**.

Shelter continues to contribute to higher prices, while **more moderate changes in other categories are helping keep overall inflation in check**. The latest data points to a period of slower, more stable price growth rather than a renewed acceleration in inflation.

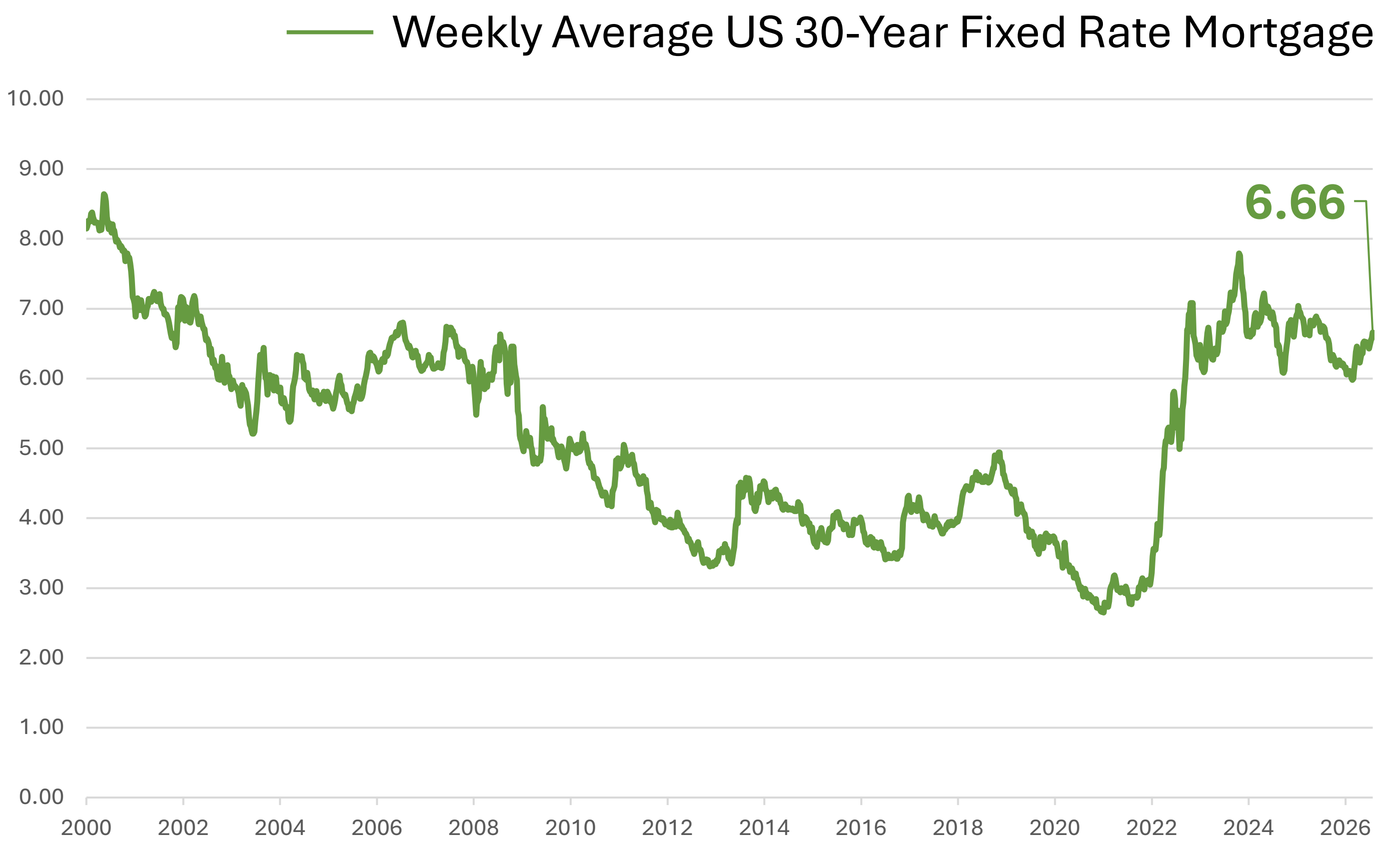



Graph Source: US Bureau of Labor Statistics

# Mortgage rates rise through july

The average 30-year fixed-rate mortgage rose through July 2026, reaching its highest level of the month at the end of July. **Rates remained relatively steady in June before beginning a gradual upward trend in July**, adding pressure to borrowing costs for prospective homebuyers.

Following the Fed's rate cuts in September and October 2025, mortgage rates have remained below their 2025 highs, but the **recent increase highlights continued uncertainty around inflation**, financial markets and the outlook for monetary policy.




Graph Source: FRED